

NEWS RELEASE

FOR RELEASE _____

Cline, DeVries & Allen, LLP today released an audit report on the City of Ogden, Iowa.

The City's receipts totaled \$1,335,955 for the year ended June 30, 2006, a 10 percent decrease from 2005. The receipts included \$440,930 in property tax, \$244,362 from charges for service, \$300,925 from operating grants, contributions and restricted interest, \$143,167 from capital grants, contributions and restricted interest, \$122,621 from local option sales tax, \$19,091 from unrestricted investment earnings and \$64,859 from other general receipts. The City also issued revenue bonds totaling \$281,588.

Disbursements for the year totaled \$1,740,324, a 41 percent decrease from the prior year, and included \$583,373 for business type activities, \$298,880 for public works, and \$251,493 for public safety. The large decrease in disbursements was primarily due to the construction of the new wastewater treatment plant that was financed in part by the issuance of the sewer revenue bonds. The project was completed in the current fiscal year.

A copy of the audit report is available for review in the City Clerk's office.

CITY OF OGDEN
INDEPENDENT AUDITORS' REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2006

Table of Contents

	<u>Page</u>
Officials	3
Independent Auditors' Report	5-6
Basic Financial Statements:	<u>Exhibit</u>
Government-wide Financial Statement:	
Statement of Activities and Net Assets – Cash Basis	A 9-10
Governmental Fund Financial Statements:	
Statement of Cash Receipts, Disbursements and Changes in Cash Balances	B 11
Proprietary Fund Financial Statements:	
Statement of Cash Receipts, Disbursements and Changes in Cash Balances	C 12
Notes to Financial Statements	14-20
Required Supplementary Information:	
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances - Budget and Actual (Cash Basis) – All Governmental Funds and Proprietary Funds	22-23
Notes to Required Supplementary Information – Budgetary Reporting	24
Other Supplementary Information:	<u>Schedule</u>
Statement of Cash Receipts, Disbursements and Changes in Cash Balances - Nonmajor Governmental Funds	1 26-27
Schedule of Indebtedness	2 28-29
Bond and Note Maturities	3 30
Schedule of Receipts by Source and Disbursements by Function – All Governmental Funds	4 31
Independent Auditors' Report on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	34-35
Schedule of Findings	36-39

City of Ogden

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Mark Trueblood	Mayor	Jan 2008
Brian Reimers	Council Member/Mayor Pro tem	Jan 2010
Lyle Conklin	Council Member	Jan 2010
Lori Anderson	Council Member	Jan 2008
Margaret Liston	Council Member	Jan 2008
Sean Thompson	Council Member	Jan 2008
Judy Wallace	City Clerk/Treasurer	Indefinite
Lee Johnson	Attorney	Indefinite

City of Ogden

CLINE, DeVRIES & ALLEN, LLP

CERTIFIED PUBLIC ACCOUNTANTS

316 S. Duff Suite B – PO Box 187
Ames, Iowa 50010
Phone:515-233-4060 FAX:515-233-3703

13375 University Ave, Suite 203
Clive, Iowa 50325
Phone:515-252-7141 FAX:515-252-7073

Independent Auditors' Report

To the Honorable Mayor and
Members of the City Council:

We have audited the accompanying primary government financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Ogden, Iowa, as of and for the year ended June 30, 2006, which collectively comprise the City's primary government financial statements listed in the table of contents. These primary government financial statements are the responsibility of the City of Ogden's management. Our responsibility is to express opinions on these primary government financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As described in Note 1, these primary government financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

A primary government is a legal entity or body politic and includes all funds, organizations, institutions, agencies, departments and offices that are not legally separate. Such legally separate entities are referred to as component units.

In our opinion, the primary government financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Ogden as of June 30, 2006, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated November 22, 2006 on our consideration of the City of Ogden's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The City has not presented management's discussion and analysis which introduces the primary government financial statements by presenting certain financial information as well as

management's analytical insights on that information that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the primary government financial statements.

Budgetary comparison information on pages 22 through 24 is not a required part of the primary government financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We applied limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the primary government financial statements that collectively comprise the City of Ogden's primary government financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the primary government financial statements for the three years ended June 30, 2005 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 4, is presented for purposes of additional analysis and is not a required part of the primary government financial statements. Such information has been subjected to the auditing procedures applied in our audit of the primary government financial statements and, in our opinion, is fairly stated in all material respects in relation to the primary government financial statements taken as a whole.

November 22, 2006
Ames, Iowa

City of Ogden

Basic Financial Statements

City of Ogden

Statement of Activities and Net Assets – Cash Basis

As of and for the year ended June 30, 2006

		Program Receipts		
			Operating Grants, Contributions, and Restrictd Interest	Capital Grants, Contributions and Restricted Interest
	Disbursements	Charges for Service		
Functions/Programs:				
Governmental activities:				
Public safety	\$ 251,493	9,742	35,909	-
Public works	298,880	845	199,619	-
Health and social services	16,050	-	-	-
Culture and recreation	214,797	25,641	51,938	25,000
Community and economic development	85,099	-	-	57,821
General government	137,328		13,459	-
Debt service	77,432	-	-	-
Capital projects	75,872	-	-	-
Total governmental activities	1,156,951	36,228	300,925	82,821
Business type activities:				
Sewer	583,373	208,134	-	60,346
Total	\$ 1,740,324	244,362	300,925	143,167
General Receipts:				
Property tax levied for:				
General purposes				
Employee benefits				
Debt service				
Utility franchise tax				
Local option sales tax				
Unrestricted interest on investments				
Dividend				
Miscellaneous				
SRF loan proceeds, net of fees				
Rent				
Sale of fixed assets				
Transfers				
Total general receipts and transfers				
Change in cash basis net assets				
Cash basis net assets beginning of year				
Cash basis net assets end of year				
Cash Basis Net Assets				
Restricted:				
Streets				
Debt service				
Other purposes				
Unrestricted				
Total cash basis net assets				

See notes to financial statements.

Net (Disbursements) Receipts and Changes in Cash Basis Net Assets		
Governmental Activities	Business Type Activities	Total
(205,842)	-	(205,842)
(98,416)	-	(98,416)
(16,050)	-	(16,050)
(112,218)	-	(112,218)
(27,278)	-	(27,278)
(123,869)	-	(123,869)
(77,432)	-	(77,432)
(75,872)	-	(75,872)
(736,977)	-	(736,977)
-	(314,893)	(314,893)
(736,977)	(314,893)	(1,051,870)
313,602	-	313,602
95,411	-	95,411
31,917	-	31,917
10,527	-	10,527
122,621	-	122,621
11,216	7,875	19,091
40,040	-	40,040
-	-	-
-	281,588	281,588
14,292	-	14,292
-	-	-
-	-	-
639,626	289,463	929,089
(97,351)	(25,430)	(122,781)
559,422	487,088	1,046,510
\$ 462,071	461,658	923,729
\$ 222,871	-	222,871
23,010	-	23,010
61,608	-	61,608
154,582	461,658	616,240
462,071	461,658	923,729

City of Ogden

Statement of Cash Receipts, Disbursements and Changes in Cash Balances
Governmental Funds

As of and for the year ended June 30, 2006

	General	Special Revenue Road Use Tax	Capital Project Truck	Other Nonmajor Governmental Funds	Total
Receipts:					
Property tax	\$ 313,602	-	-	127,328	440,930
Other city tax	133,148	-	-	-	133,148
Licenses and permits	2,333	-	-	-	2,333
Use of money and property	65,548	-	-	-	65,548
Intergovernmental	108,370	169,377	-	1,000	278,747
Charges for service	19,449	-	-	-	19,449
Miscellaneous	88,859	3,277	-	27,309	119,445
Total receipts	731,309	172,654	-	155,637	1,059,600
Disbursements:					
Operating:					
Public safety	251,493	-	-	-	251,493
Public works	134,272	164,608	-	-	298,880
Health and social services	16,050	-	-	-	16,050
Culture and recreation	214,797	-	-	-	214,797
Community and economic development	85,099	-	-	-	85,099
General government	137,328	-	-	-	137,328
Debt service	-	-	-	77,432	77,432
Capital projects	-	-	-	75,872	75,872
Total disbursements	839,039	164,608	-	153,304	1,156,951
Excess (deficiency) of receipts over (under) disbursements	(107,730)	8,046	-	2,333	(97,351)
Other financing sources (uses):					
Sale of fixed assets	-	-	-	-	-
Operating transfers in	101,651	-	20,000	209,796	331,447
Operating transfers out	(209,796)	(20,000)	-	(101,651)	(331,447)
Total other financing sources (uses)	(108,145)	(20,000)	20,000	108,145	-
Net change in cash balances	(215,875)	(11,954)	20,000	110,478	(97,351)
Cash balances beginning of year	285,294	234,825	50,000	(10,697)	559,422
Cash balances end of year	\$ 69,419	222,871	70,000	99,781	462,071
Cash Basis Fund Balances					
Reserved:					
Debt service	\$ -	-	-	23,010	23,010
Unreserved:					
General fund	69,419	-	-	-	69,419
Special revenue funds	-	222,871	-	2,328	225,199
Capital projects funds	-	-	70,000	12,835	82,835
Permanent funds	-	-	-	61,608	61,608
Total cash basis fund balances	\$ 69,419	222,871	70,000	99,781	462,071

See notes to financial statements.

City of Ogden

Statement of Cash Receipts, Disbursements and Changes in Cash Balances
Proprietary Funds

As of and for the year ended June 30, 2006

	Enterprise Sewer Rental
Operating receipts:	
Charges for service	\$ 208,134
Total operating receipts	<u>208,134</u>
Operating disbursements:	
Business type activities	<u>454,326</u>
Excess (deficiency) of operating receipts over (under) operating disbursements	<u>(246,192)</u>
Non-operating receipts (disbursements):	
Intergovernmental	60,346
Interest on investments	7,875
SRF loan proceeds	281,588
Debt service	<u>(129,047)</u>
Total non-operating receipts (disbursements)	<u>220,762</u>
Excess (deficiency) of receipts over (under) disbursements	(25,430)
Cash balances beginning of year	<u>487,088</u>
Cash balances end of year	<u><u>\$ 461,658</u></u>
Cash Basis Fund Balances	
Unreserved	<u><u>\$ 461,658</u></u>

See notes to financial statements.

City of Ogden

City of Ogden

Notes to Financial Statements

June 30, 2006

(1) Summary of Significant Accounting Policies

The City of Ogden is a political subdivision of the State of Iowa located in Boone County. It was first incorporated in 1875 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development, and general government services. The City also provides sewer utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Ogden has included all funds, organizations, agencies, boards, commissions and authorities, except for its component unit, the Ogden Municipal Utilities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's primary government financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City.

These primary government financial statements present the City of Ogden (the primary government) and exclude the component unit. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationship with the City. It has not been included in these primary government financial statements which present the primary government only. Complete financial statements of the individual component unit, which issued separate financial statements as noted below, can be obtained from its administrative office.

Component Unit

The Ogden Municipal Utilities (Utilities) was established to operate the City's electric and water facilities. The Utilities are governed by a three member Board of Trustees appointed by the Mayor and approved by the City Council. Title to all property of the Utilities is held in the name of the City. A financial benefit/burden relationship exists between the City and the Utilities in that the City is authorized by statute to issue general obligation debt for a city utility, and may certify taxes for the payment of the debt.

Jointly Governed Organizations

The City participates in four jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the

participating governments. City officials are members of the following boards: Community Services Board, Boone County E911 Service Board, Boone County Conservation Board, and the Red Rock Area Community Action Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Activities and Net Assets reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services.

The Statement of Activities and Net Assets presents the City's nonfiduciary net assets. Net assets are reported in two categories:

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the preceding category. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities and Net Assets demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements - Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue:

The Road Use Tax Fund is used to account for road construction and maintenance.

The Truck Fund is used to accumulate money for future equipment purchases.

The City reports the following major proprietary fund:

The Sewer Fund accounts for the operation and maintenance of the City's waste water treatment and sanitary sewer system. Also accounted for in this fund are payments of principal and interest on the City's long-term sewer debt.

C. Measurement Focus and Basis of Accounting

The City of Ogden maintains its financial records on the basis of cash receipts and disbursements and the primary government financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the primary government financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2006, disbursements exceeded the amounts budgeted in the culture and recreation, debt service and business type activities functions.

(2) Cash and Pooled Investments

The City's deposits in banks at June 30, 2006 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The City owns 560 shares of \$25 par value common stock of the Ogden Telephone Company, of which 140 shares (\$100 par value) were acquired by donation and

another 420 shares were acquired by stock splits. In 1972, when the stock was donated, there was no market value, therefore it is not included in the cash and investments balance.

Although this type of investment is not permitted by the Code of Iowa, it was acquired by donation, therefore the City is not in violation of Chapter 12 of the Code of Iowa. At this time, the City has decided not to dispose of the stock due to market conditions.

Interest rate risk - The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the City.

Credit risk - The City's investment in the Ogden Telephone Company stock is unrated.

(3) Loans Payable/Revenue Bonds

On December 4, 1998, the City entered into a loan agreement with City State Bank in the amount of \$220,000. The loan proceeds were used for a storm sewer project. The City is obligated to repay the loan in annual installments in the amounts set forth in the loan agreement, including interest at 5.25% per annum.

On December 15, 2000, the City entered into a loan agreement with City State Bank in the amount of \$130,000. The loan proceeds were used to help pay for the City's new fire truck. The City is obligated to repay the loan in annual installments of \$13,000 plus interest at 6.75% per annum.

On December 10, 2002, the City entered into a loan agreement with City State Bank in the amount of \$203,250. The loan proceeds were used for a storm sewer project. The City is obligated to repay the loan in annual installments in the amounts set forth in the loan agreement, including interest at 4.90% per annum.

Annual debt service requirements to maturity for the City's loans payable and revenue bonds are as follows:

Year Ending	Storm Sewer Loan		Fire Truck Loan		Storm Sewer Loan		Sewer Revenue Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
June 30,										
2007	\$ 28,000	2,205	13,000	3,950	20,325	6,475	77,000	57,780	138,325	70,410
2008	28,000	735	13,000	3,080	20,325	5,493	79,000	55,470	140,325	64,778
2009	-	-	13,000	2,195	20,325	4,483	81,000	53,100	114,325	59,778
2010	-	-	13,000	1,318	20,325	3,487	84,000	50,670	117,325	55,475
2011	-	-	12,565	440	60,975	4,488	86,000	48,150	159,540	53,078
2012-2016	-	-	-	-	-	-	472,000	200,340	472,000	200,340
2017-2021	-	-	-	-	-	-	457,000	125,220	457,000	125,220
2021-2025	-	-	-	-	-	-	500,000	38,100	500,000	38,100
Total	\$ 56,000	2,940	64,565	10,983	142,275	24,426	1,836,000	628,830	2,098,840	667,179

The schedule above for the sewer revenue bonds is based upon the entire \$2,000,000 being borrowed. However, at June 30, 2006, the entire amount had not been requested and the amount outstanding was \$1,702,593.

The resolution providing for the issuance of the revenue bonds include the following provisions:

- (a) The bonds will only be redeemed from the future earnings of the enterprise activity and the bond holders hold a lien on the future earnings of the funds.
- (b) Sufficient monthly transfers shall be made to a separate sewer revenue bond sinking account within the Enterprise funds for the purpose of making the bond principal and interest payments when due.
- (c) Once the required transfers to the Sinking fund have been made, all of the remaining net revenues shall be put into a Surplus fund.

The City is not in compliance with these provisions at June 30, 2006.

(4) Pension and Retirement Benefits

The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 3.70% of their annual covered salary and the City is required to contribute 5.75% of covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2006, 2005 and 2004 were \$23,723, \$21,296 and \$19,340, respectively, equal to the required contributions for each year.

(5) Compensated Absences

City employees accumulate a limited amount of earned but unused vacation, compensatory and holiday hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation and compensatory time payments payable to employees at June 30, 2006, primarily relating to the General Fund, is as follows:

Type of Benefit	Amount
Vacation	\$ 10,333
Compensatory time	<u>6,546</u>
Total	<u>\$ 16,879</u>

This liability has been computed based on rates of pay in effect at June 30, 2006.

Sick leave is payable when used. It is not paid upon termination, retirement or death.

(6) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2006 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue: Employee Benefits	\$ 93,083
Debt Service	General	74,447
Capital Projects: Truck	Special Revenue: Road Use Tax	20,000
Police Car	General	28,792
Bike Trail	General	76,772
Community Center	General	27,710
Park Restrooms	General	2,075
		155,349
General	Capital Project: Storm Sewer	8,568
Total		\$ 331,447

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.

(7) Risk Management

The City is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(8) Health Insurance

The City contributes money to a Health Savings Account for each employee to pay a portion of each employee's deductible. Employees on the single plan have a \$2,000 deductible and the City pays \$1,500 of the total. Employees on the family plan have a deductible of \$4,000 and the City pays \$2,500 of the deductible.

(9) Fire Advisory Board

The City, in conjunction with six townships has created the Fire Advisory Board. The Board was established for the primary purpose of providing fire protection. The Board is composed of the Township Trustees, the City's Council members and the Fire Chief.

Township Trustees levy taxes to pay for their portion of the fire based on population, annual average number of calls, and assessed value of real estate in the area served. The Townships reimburse the City for their portion of the expenses, including half of the payments for the fire truck; therefore, the City has an ongoing financial interest.

(10) Capital Lease

The City has a copier under an agreement that includes payment for service and supplies. Under this agreement approximately \$49 per month is paid for service and supplies. The remainder paid is classified as a capital lease payment given the terms of the agreement. The future minimum lease payments under the capital lease and the net present value of the future minimum lease payments are as follows:

Future minimum lease payments:

2007	\$600
2008	600
2009	<u>200</u>
Total	1,200
Less amount representing interest	<u>(118)</u>
Net Present Value	<u><u>1,082</u></u>

(11) Lease

The Library has entered into a lease agreement with Infomax for a copier. The lease expires January 24, 2007. Total lease payments during the year were \$1,200.

(12) Construction Commitment

The City entered into a construction contract for a housing rehabilitation project totaling \$24,999. As of June 30, 2006, the full amount of the contract balance was still remaining.

Required Supplementary Information

City of Ogden
 Budgetary Comparison Schedule
 of Receipts, Disbursements, and Changes in Balances -
 Budget and Actual (Cash Basis) – All Governmental Funds and Proprietary Funds

Required Supplementary Information

Year ended June 30, 2006

	Governmental Funds Actual	Proprietary Funds Actual	Net
Receipts:			
Property tax	\$ 440,930	-	440,930
Other city tax	133,148	-	133,148
Licenses and permits	2,333	-	2,333
Use of money and property	65,548	7,875	73,423
Intergovernmental	278,747	60,346	339,093
Charges for service	19,449	208,134	227,583
Miscellaneous	119,445	-	119,445
Total receipts	1,059,600	276,355	1,335,955
Disbursements:			
Public safety	251,493	-	251,493
Public works	298,880	-	298,880
Health and social services	16,050	-	16,050
Culture and recreation	214,797	-	214,797
Community and economic development	85,099	-	85,099
General government	137,328	-	137,328
Debt service	77,432	-	77,432
Capital projects	75,872	-	75,872
Business type activities	-	583,373	583,373
Total disbursements	1,156,951	583,373	1,740,324
Excess (deficiency) of receipts over (under) disbursements	(97,351)	(307,018)	(404,369)
Other financing sources, net	-	281,588	281,588
Excess (deficiency) of receipts and other financing sources over disbursements	(97,351)	(25,430)	(122,781)
Balances beginning of year	559,422	487,088	1,046,510
Balances end of year	\$ 462,071	461,658	923,729

See accompanying independent auditors' report.

Budgeted Amounts		Final to Net Variance
Original	Final	
434,015	434,015	6,915
124,105	124,105	9,043
3,335	3,335	(1,002)
76,900	86,900	(13,477)
515,500	541,380	(202,287)
202,800	202,800	24,783
13,000	13,000	106,445
1,369,655	1,405,535	(69,580)
251,531	251,531	38
305,470	305,470	6,590
18,400	18,400	2,350
195,387	214,087	(710)
152,500	152,500	67,401
138,964	143,964	6,636
77,299	77,299	(133)
48,000	91,710	15,838
329,406	329,406	(253,967)
1,516,957	1,584,367	(155,957)
(147,302)	(178,832)	(225,537)
-	-	281,588
(147,302)	(178,832)	56,051
1,910,465	1,910,465	(863,955)
1,763,163	1,731,633	(807,904)

City of Ogden

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2006

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon ten major classes of disbursements known as functions, not by fund or fund type. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business type activities and non-program. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds and Proprietary Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted receipts by \$35,880 and budgeted disbursements by \$67,410. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2006, disbursements exceeded the amounts budgeted in the culture and recreation, debt service, and business type functions.

Other Supplementary Information

City of Ogden

Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Nonmajor Governmental Funds

As of and for the year ended June 30, 2006

	Special Revenue		Capital		
	Employee Benefits	Debt Service	Community Center	Police Car	Storm Sewer
Receipts:					
Property tax	\$ 95,411	31,917	-	-	-
Intergovernmental	-	-	-	-	-
Miscellaneous	-	-	16,000	-	-
Total receipts	95,411	31,917	16,000	-	-
Disbursements:					
Debt Service	-	77,432	-	-	-
Capital projects	-	-	38,876	28,792	-
Total	-	77,432	38,876	28,792	-
Excess (deficiency) of receipts over (under) disbursements	95,411	(45,515)	(22,876)	(28,792)	-
Other financing sources (uses):					
Operating transfers in	-	74,447	27,710	28,792	-
Operating transfers out	(93,083)	-	-	-	(8,568)
Total other financing sources (uses)	(93,083)	74,447	27,710	28,792	(8,568)
Net change in cash balances	2,328	28,932	4,834	-	(8,568)
Cash balances beginning of year	-	(5,922)	-	-	8,568
Cash balances end of year	\$ 2,328	23,010	4,834	-	-
Cash Basis Fund Balances					
Reserved:					
Debt service	\$ -	23,010	-	-	-
Unreserved:					
Capital projects funds	-	-	4,834	-	-
Permanent fund	-	-	-	-	-
Special Revenue	2,328	-	-	-	-
Total cash basis fund balances	\$ 2,328	23,010	4,834	-	-

See accompanying independent auditors' report.

Projects			Permanent		Total
L.P. Park	Bike Trail	Park Restrooms	Cemetery Perpetual Care	Cemetery Mausoleum	
-	-	-	-	-	127,328
-	1,000	-	-	-	1,000
2,434	8,000	-	875	-	27,309
2,434	9,000	-	875	-	155,637
-	-	-	-	-	77,432
-	-	8,204	-	-	75,872
-	-	8,204	-	-	153,304
2,434	9,000	(8,204)	875	-	2,333
-	76,772	2,075	-	-	209,796
-	-	-	-	-	(101,651)
-	76,772	2,075	-	-	108,145
2,434	85,772	(6,129)	875	-	110,478
(2,434)	(77,771)	6,129	43,271	17,462	(10,697)
-	8,001	-	44,146	17,462	99,781
-	-	-	-	-	23,010
-	8,001	-	-	-	12,835
-	-	-	44,146	17,462	61,608
-	-	-	-	-	2,328
-	8,001	-	44,146	17,462	99,781

City of Ogden
Schedule of Indebtedness
Year ended June 30, 2006

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General Obligation:			
Storm sewer	Mar. 2, 1998	5.25%	\$ 220,000
Fire truck	Dec. 15, 2000	6.75	130,000
Storm sewer	Dec. 10, 2002	4.90	203,250
Revenue Bonds:			
Sewer	Jun. 1, 2004	3.00%	\$ 2,000,000

See accompanying independent auditors' report.

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
84,000	-	28,000	56,000	3,741	-
77,565	-	13,000	64,565	4,880	-
162,600	-	20,325	142,275	7,486	-
<u>\$ 324,165</u>	<u>-</u>	<u>61,325</u>	<u>262,840</u>	<u>16,107</u>	<u>-</u>
<u>\$ 1,495,005</u>	<u>281,588</u>	<u>74,000</u>	<u>1,702,593</u>	<u>50,047</u>	<u>-</u>

City of Ogden
Loan Maturities
Year ended June 30, 2005

Year Ending June 30,			Loans Payable				Total
	Storm Sewer		Fire Truck		Storm Sewer		
	Issued Mar 4, 1998		Issued Dec 15, 2000		Issued Dec 10, 2002		
	Interest		Interest		Interest		
	Rates	Amount	Rates	Amount	Rate	Amount	
2007	5.25%	28,000	6.75%	13,000	4.90%	20,325	61,325
2008	5.25%	28,000	6.75%	13,000	4.90%	20,325	61,325
2009	-	-	6.75%	13,000	4.90%	20,325	33,325
2010	-	-	6.75%	13,000	4.90%	20,325	33,325
2011	-	-	6.75%	12,565	4.90%	20,325	32,890
2012	-	-	-	-	4.90%	20,325	20,325
2013	-	-	-	-	4.90%	20,325	20,325
Total		\$ 56,000		\$ 64,565		\$ 142,275	\$ 262,840

Year Ending June 30,	Sewer Revenue Bonds Issued Jun 1, 2004	
	Interest	
	Rates	Amount
2007	3.00%	77,000
2008	3.00%	79,000
2009	3.00%	81,000
2010	3.00%	84,000
2011	3.00%	86,000
2012-2016	3.00%	472,000
2017-2021	3.00%	457,000
2022-2025	3.00%	500,000
Total		<u>\$ 1,836,000</u>

Note: The above amortization schedule, as well as the amortization schedule in Note 3 is based upon the City borrowing the maximum amount of \$2,000,000 under the loan. As of June 30, 2006, the City has only borrowed \$1,776,593, of which \$1,702,593 is outstanding.

See accompanying independent auditors' report.

City of Ogden

Schedule of Receipts By Source and Disbursements By Function -
All Governmental Funds

For the Last Three Years

	2006	2005	2004
Receipts:			
Property tax	\$ 440,930	\$ 422,512	\$ 438,019
Other city tax	133,148	129,426	133,289
Licenses and permits	2,333	2,182	2,422
Use of money and property	65,548	60,759	49,594
Intergovernmental	278,747	253,185	356,246
Charges for service	19,449	2,893	707
Miscellaneous	119,445	83,126	83,796
Total	<u>\$ 1,059,600</u>	<u>\$ 954,083</u>	<u>\$ 1,064,073</u>
Disbursements:			
Operating:			
Public safety	\$ 251,493	\$ 234,982	\$ 218,541
Public works	298,880	271,223	244,698
Health and social services	16,050	16,600	16,922
Culture and recreation	214,797	165,513	139,866
Community and economic development	85,099	17,829	42,653
General government	137,328	137,668	124,161
Debt service	77,432	80,382	84,015
Capital projects	75,872	158,942	182,988
Total	<u>\$ 1,156,951</u>	<u>\$ 1,083,139</u>	<u>\$ 1,053,844</u>

See accompanying independent auditors' report.

Independent Auditors' Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards

City of Ogden

Independent Auditors' Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed
In Accordance with Government Auditing Standards

To the Honorable Mayor and
Members of the City Council:

We have audited the primary government financial statements of the City of Ogden, Iowa, as of and for the year ended June 30, 2006, and have issued our report thereon dated November 22, 2006. Our report expressed an unqualified opinion on the primary government financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Ogden's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City of Ogden's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in Part II of the accompanying Schedule of Findings.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we believe item II-A-06 is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Ogden's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards.

However, we noted certain immaterial instances of non-compliance or other matters that are described in Part III of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2006 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Ogden and other parties to whom the City of Ogden may report including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Ogden during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

November 22, 2006
Ames, Iowa

City of Ogden
Schedule of Findings
Year ended June 30, 2006

Part I: Summary of the Independent Auditors' Results:

- (a) Unqualified opinions were issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.
- (b) A reportable condition in internal control over financial reporting was disclosed by the audit of the financial statements, including one material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

City of Ogden
Schedule of Findings
Year ended June 30, 2006

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

II-A-06 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that certain functions are not entirely segregated.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response – We will consider this.

Conclusion – Response acknowledged. The City should segregate duties to the extent possible with existing personnel and utilize administrative personnel to provide additional control through review of financial transactions and reports.

City of Ogden
Schedule of Findings

Year ended June 30, 2006

Part III: Other Findings Related to Statutory Reporting:

- III-A-06 Certified Budget – Disbursements during the year ended June 30, 2006 exceeded the amounts budgeted in the culture and recreation, debt service, and business type functions. Chapter 384.20 of the Code of Iowa states in part that public monies may not be expended or encumbered except under an annual or continuing appropriation.

Recommendation – Although the budget was amended, it should have been amended in amounts that were sufficient to avoid actual disbursements from exceeding the budget.

Response – The budget will be amended in the future in appropriate amounts.

Conclusion – Response accepted.

- III-B-06 Questionable Disbursements – No disbursements were noted that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

- III-C-06 Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

- III-D-06 Business Transactions – No business transactions between the City and City officials or employees were noted.

- III-E-06 Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

- III-F-06 Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.

- III-G-06 Deposits and Investments – The City's investment policy is not in accordance with the provisions of Chapter 12B and 12C of the Code of Iowa. The policy refers to outdated sections of the Iowa Code.

Recommendation – The investment policy should be revised to comply with these provisions.

Response – We will do so.

Conclusion – Response accepted.

City of Ogden

Schedule of Findings

Year ended June 30, 2006

- III-H-06 Telephone Company Stock – The City owns 560 shares of \$100 par value common stock of the Ogden Telephone Company, of which 140 shares were acquired by donation and another 420 shares were acquired by stock splits.

Although, this type of investment is not permitted by the Code of Iowa, it was acquired by donation, therefore the City is not in violation of Chapter 12 of the Code of Iowa. The stock is not readily marketable, and thus no market value of the shares is determinable.

- III-I-06 Revenue Bonds – The City is not in compliance with the provisions of the Sewer Revenue Bonds. They are required to make monthly payments into a sinking fund and to set up a Sewer Surplus fund. Neither of the funds have been established as of June 30, 2005.

Recommendation – The City should add the required funds into their accounting system and make sure the proper transfers are made and the minimum balances are met.

Response – We will do so.

Conclusion – Response accepted.

- III-J-06 Form 1099's – The City did not properly prepare Form 1099's as required by the Internal Revenue Service.

Recommendation – The City should prepare 1099's as required.

Response – We will do so.

Conclusion – Response accepted.

- III-K-06 Sales Tax – The City is not properly assessing sales tax on all required transactions as required by Chapters 423.2 and 423.3 of the Code of Iowa. Sales tax was not charged on some adult recreational league fees.

Recommendation – The City should file corrected sales tax returns for past periods and in the future, they should assess sales tax as required by the Code of Iowa.

Response – We will do so.

Conclusion – Response accepted.

